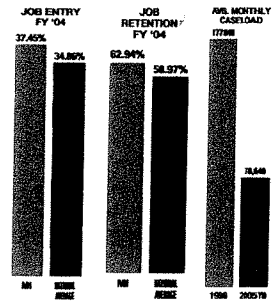


WORKFIRST TIME FOR CHANGE

WORKFIRST EXCEEDS NATIONAL PERFORMANCE

Michigan's WORKFIRST program has achieved its goal of reducing public assistance caseloads over a sustained period of time. WORKFIRST has exceeded the national average in job entry and retention.

The Michigan Works! system is in position to continue the evolution of the WORKFIRST program and aid public assistance recipients in achieving financial independence.



PROGRAM DESIGN RECOMMENDATIONS

- Michigan Works! needs to be specifically designated as the deliverer of services.
- Local Michigan Works! agencies (MWAs) need to have final approval of the local WORKFIRST program plan. This will ensure that training and outcomes meet the needs of the labor market.
- Clients should be referred to MWAs when "training ready" not just when "job ready."
- Local MWAs and Department of Human Services (DHS) offices should conduct a joint assessment to determine individual's service plan.
- Clear goals and successful outcomes need to be defined. Outcomes should be measurable and allow comparison to the performance of other states.
- DHS and Department of Labor and Economic Growth (DLEG) must include MWAs in the development of state policy to implement changes to the WORKFIRST program.

The recommendations on the WORKFIRST program redesign are based on our experience of what has been successful in the WORKFIRST program and what can be done to achieve even greater results.

Michigan Works! supports the need for a redefined strategy, but over the last few years resources to provide services have been cut over \$20 million. It needs to be determined if there are sufficient resources to successfully run the new program model.

CONTINUE THE SUCCESS OF WORKFIRST





**MICHIGAN WORKS!
TESTIMONY
ON
HOUSE BILLS 5438, 5439, 5440, 5441,
5442, 5443, 5444, 5445, and 5446**

**BEFORE THE
HOUSE
FAMILIES AND HUMAN SERVICES
COMMITTEE**

November 30, 2005

Good Afternoon. Mr. Chairman and members of the committee I want to thank you for the opportunity to provide testimony on proposed changes to the Work First program. I am Doug Stites, the chair of the Legislative Committee of the Michigan Works! Association. I am here representing the 25 Michigan Works! agencies statewide. I am also Chief Executive Officer of the Capital Area Michigan Works!, covering Ingham, Eaton and Clinton counties.

As you know, Work First has been operating since the mid-1990's with great success. Welfare caseloads have decreased from over 225,000 in 1994 to less than 80,000 now. In 2004, Michigan's performance was three percent higher than the national average in job entry for welfare to employment programs and four percent higher than the national average for job retention in like programs across the nation. The 2002, 2003 and 2004 Michigan Works! performance in Job Entry and Success in the Workforce for the Work First program earned Michigan over \$23 million in federal bonuses for Work First performance.

All of this is possible due to the leadership in the Michigan Works! system. There are over 600 high-level private sector representatives that volunteer their time to set the local direction of the system. This is in concert with local elected officials who complete the public/private partnership. This structure, which has been operational since the mid-90's, connects Michigan Works! directly to employers and the local economy. We know the local labor markets and the needs of the local workforce. There needs to be guidance and brokering to align the publicly funded training with the demands of the marketplace. It is the business community that is best positioned to insure that

education and training funded by the state will address the current and future needs of Michigan's economic opportunity.

Beyond operating the Work First program for welfare recipients, we provide assistance through a variety of other programs to individuals dislocated from their jobs due to foreign trade or downsizing, individuals who are seeking to improve their employment status, individuals who are receiving Unemployment Insurance and seeking work, students that are making the transition from school to career – basically the entire universe of our citizens who are in need of job assistance. We are Michigan's public employment specialists.

As such, we should be named specifically in legislation as the deliverer of the workforce development component of the Work First program. Scarce resources should not be diverted in efforts to duplicate our service delivery system. We simply can't afford to build a duplicate delivery system when our existing Michigan Works! system has proven it's worth.

Michigan Works! supports your efforts for program redesign. The individuals we are serving now are far different than the clientele we served in the mid-90's. As proposed, a more in-depth assessment initially will lead to the development of a more effective plan of services. The majority of people we serve now have very low literacy levels, so we welcome the opportunity to provide basic education training leading to a skills improvement sufficient to obtain and retain a good job. Longer-term assistance after placement in employment will lead to longer-term job retention and career advancement. All packaged to continue our trend of reducing welfare caseloads.

But, the looming question is do we have sufficient resources to support such a program design? Funding to the Michigan Works! system over the last 2 years has been cut by \$23 million. The ratio of clients to Work First case managers in my local area has increased to over 160 cases for each case manager. While we all agree that providing an expanded array of services for a longer period is good policy, we must take a realistic look at how far our resources will go. I urge you to conduct a financial analysis of the impact of the design changes you are proposing. We must live within our means.

I would now like to offer comments on specific changes proposed in the bills.

Michigan Works! welcomes accountability in the programs that we operate. We have existing performance standards in the Work First program and other federally-funded programs that we operate. We have a track record of exceeding national performance levels to the point where we earn bonus or incentive awards due to our performance.

However, the payment for performance system defined in House Bill 5443, Sec. 57N(6) is of significant concern. We offer as an alternative that Michigan Works! agencies would withhold 5% to 10% of each Work First contract for a performance payment at the conclusion of the contract. The performance funds would be awarded to the contract agency based upon their success. Success would be measured for each case as case closure due to income with 6 months of employment.

Linked to this, we urge you to consider as a positive outcome from the program the closure of the individual's welfare case due to income followed by the provision of post-employment services and tracking of progress for 6

months after employment. We feel that if we can move clients to this level of stability, we can prevent people from returning to welfare assistance.

Foremost, we want success for our clients.

As I stated earlier, we support a better up-front assessment. The more information we have the more effective we can be. In the bills, it calls for a Family Independence Plan. This plan would be developed jointly by the Department of Human Services and the adult family members associated with the welfare case. You are proposing that this plan identify goals, responsibilities, expectations and sanctions as well as a list of the family's barriers to employment. It will spell out the obligation of engagement in employment, Work First activities, education or training, community service or self-improvement activities, as determined by DHS.

While we agree with the concept, I would suggest to you that as the state's employment specialists, Michigan Works! should be charged with development of the employment portion of the plan. By bifurcating the responsibility for development of the plan, it places DHS in the position of assigning resources and activities for employment assistance that Michigan Works! may not have or may not concur with. We don't want to set clients expectations for services that may not be realistic.

We propose to you a joint individual assessment and plan development process. DHS should have responsibility for areas within their realm of expertise and develop the overarching plan for self-sufficiency but it should not be inclusive of an educational or employment plan. Michigan Works! should retain the responsibility for the employment portion of the plan including addressing literacy skills and needed education and training that lead to work.

This component would then become a part of the overall self-sufficiency plan developed by DHS. Michigan Works! would develop this plan for all clients determined by DHS to be training-ready or job-ready.

We also support the provision of basic education skills training. Too many of the clients we see today have such a low literacy level that placement into employment is not possible. We support mandating participation in basic education skills training, but only if it is available. Adult education services have been severely cut and we may merely not have the resources for all who have deficiencies to be served. If resources are available, we suggest that a 6-month cap be placed on the duration and participation in educational activities be 30 to 40 hours per week. There would be no work requirement during this period. Satisfactory progress would be measured weekly to assure continued progress.

We continue to work on reducing the gap between what jobseekers are prepared to do and what the business sector needs them to be able to do. It is the most vital aspect of Michigan's economic future. It is time to build on what we have that is working and change what is not. Michigan Works! is a willing partner to assist Michigan in this task.

Thank you again for the opportunity to testify on such an important economic matter.